

UNITED STATES OF AMERICA  
Before the  
OFFICE OF THRIFT SUPERVISION  
DEPARTMENT OF THE TREASURY

In the Matter of

MICHAEL H. ALLEN,  
a former Chairman of the Board,  
President and Chief Executive  
Officer,

of

FIRST BANK OF BEVERLY HILLS,  
FEDERAL SAVINGS BANK,  
Beverly Hills, California.

Re: Order No. SF-94-005

Dated: March 11, 1994

ORDER OF PROHIBITION

WHEREAS, Michael H. Allen, ("ALLEN") has executed a  
Stipulation and Consent to the Entry of an Order of Prohibition  
("Stipulation"); and

WHEREAS, ALLEN, by his execution of the Stipulation, has  
consented and agreed to the issuance of this Order of Prohibition  
("Order") by the Office of Thrift Supervision ("OTS"), pursuant to  
Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12  
U.S.C. § 1818(e).

WHEREAS, the Director of the OTS has delegated to the Regional  
Directors of the OTS the authority to issue Orders of Prohibition  
on behalf of the OTS where ALLEN has consented to the issuance of  
the Order.

NOW THEREFORE, IT IS ORDERED that:

1. ALLEN, as former Chairman of the Board, President and Chief Executive Officer of First Bank of Beverly Hills, Federal Savings Bank, Beverly Hills, California ("FBBH"), shall not hold office in, or participate in any manner in the conduct of the affairs of any Federally regulated depository institution or the other entities that are described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C. § 1818(e)(7)(A), without the prior written approval of the OTS (acting through its Director or an authorized representative thereof) and, the "appropriate Federal banking agency" for the Federally regulated depository institution which is involved. Due to the operation of Section 8(e)(6) of the FDIA, 12 U.S.C. § 1818(e)(6), conduct prohibited by this Order, without the said prior written approval of the OTS and of the "appropriate Federal banking agency," also includes, without limitation:

(a) The soliciting, procuring, transferring, attempting to transfer, voting, or the attempting to vote any proxy, consent, or authorization with respect to any voting rights in any institution described in Section 8(e)(7)(A) of the FDIA, 12 U.S.C.

§ 1818(e)(7)(A); and

(b) Voting for a director, or serving or acting as an institution-affiliated party.

2. In addition to the restrictions imposed in Paragraph 1 of this Order, ALLEN shall not, directly or indirectly:

(a) Seek to increase his stock holdings in FBBH beyond his

holdings of such stock on the day that this Order becomes effective;

(b) Exercise any voting rights with respect to stock held in FBBH;

(c) Otherwise exercise or attempt to exercise any influence over the management, operations, direction or policies of FBBH or any of its present or future affiliates, or cause the charter certificate of incorporation, by-laws or other governing instruments of any of them to be amended or modified; and

(d) Communicate in any manner directly or indirectly with FBBH, or any director, officer, employee, attorney or person acting as an agent of FBBH regarding the management, policies or operations of FBBH or any matter that could affect directly or indirectly the management, policies or operations of FBBH.

3. ALLEN shall, at the OTS' request, on reasonable notice and without service of a subpoena, provide truthful answers to questions or inquiries by the OTS or its representatives and testify truthfully at any deposition and at any judicial or administrative proceeding brought by the OTS related to its investigation of matters at FBBH and other institutions, except that ALLEN does not waive his right to invoke his privilege against self-incrimination under the Fifth Amendment to the United States Constitution ("Fifth Amendment"). No statement made pursuant to this paragraph shall be considered a compelled statement pursuant to 18 U.S.C. § 6002.

4. This Order is subject to the provisions of Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), and shall become effective on the date it is issued, as shown in the caption above.

5. ALLEN shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

6. All words or terms used in this Order, for which meanings are not specified or otherwise provided for by the provisions of this Order, shall have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, the Home Owners' Loan Act, the FDIA and FIRREA.

7. This Order shall become effective on the date of issuance by the Regional Director, and shall remain in effect until modified or terminated by the OTS.

THE OFFICE OF THRIFT SUPERVISION

By: 

John F. Robinson  
Regional Director  
West Region

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In the Matter of	)	Re: Order No. <u>SF-94-005</u>
	)	
MICHAEL H. ALLEN,	)	Dated: <u>March 11, 1994</u>
a former Chairman of the Board,	)	
President and Chief Executive	)	
Officer,	)	
	)	
of	)	
	)	
FIRST BANK OF BEVERLY HILLS,	)	
FEDERAL SAVINGS BANK,	)	
Beverly Hills, California.	)	
_____	)	

STIPULATION AND CONSENT TO  
THE ENTRY OF AN ORDER OF PROHIBITION

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Michael H. Allen, a former Chairman of the Board, President and Chief Executive Officer of First Bank of Beverly Hills, Federal Savings Bank, Beverly Hills, California ("FBBH"), that the OTS is of the opinion that grounds exist to initiate an administrative prohibition proceeding against Michael H. Allen ("ALLEN") pursuant to Section 8(e) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(e); and

WHEREAS, ALLEN desires to cooperate with the OTS to avoid the time and expense of such administrative litigation, hereby stipulates and agrees to the following:

1. Jurisdiction.

(a) FBBH was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) ALLEN, as a former Chairman of the Board, President and Chief Executive Officer of FBBH, is deemed to be an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C. § 1813(u), and has served in such capacity within six years of the date hereof (see 12 U.S.C. § 1818(i)(3)).

(c) Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against a savings association and/or its institution-affiliated parties. Therefore, ALLEN is subject to the authority of the OTS to initiate and maintain a prohibition proceeding against him pursuant to Section 8(e) of the FDIA, 12 U.S.C. § 1818(e).

2. OTS Findings of Fact.

The OTS has concluded that:

(a) As an institution-affiliated party of FBBH, ALLEN engaged in unsafe and unsound practices, including, but not limited to, inadequate underwriting of loan transactions at FBBH;

(b) Such unsafe and unsound loan underwriting practices caused substantial financial loss to FBBH; and

(c) Such unsafe and unsound loan underwriting demonstrated a willful and continuing disregard on the part of ALLEN for the safety and soundness of FBBH.

3. Consent.

ALLEN consents to the issuance by the OTS of the accompanying Order of Prohibition ("Order"). He further agrees to comply with its terms upon issuance and stipulates that the Order complies with all requirements of the law.

4. Finality.

The Order is issued by the OTS under the authority of Section 8(e) of the FDIA, 12 U.S.C. § 1818(e). Upon its issuance by the Regional Director or designee for the West Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i).

5. Waivers.

ALLEN waives the following:

(a) The right to be served with a written notice of the OTS's charges against him (referred to as a Notice of Intention to Prohibit) (see Section 8(e) of the FDIA);

(b) The right to an administrative hearing of the OTS's charges against him (see Section 8(e) of the FDIA);

(c) The right to seek judicial review of the Order, including, without limitation, any such right provided by Section 8(h) of the FDIC, 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) Any and all claims for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law or under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

6. Indemnification.

ALLEN shall neither cause nor permit FBBH (or any subsidiary thereof, or any governmental entity as successor in interest thereof) to incur, directly or indirectly, any expense for any legal (or other professional expenses) incurred relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from FBBH (or any subsidiary thereof, or any governmental entity as successor in interest thereof) with respect to such amounts. Any such payments received by or on behalf of the Respondent in connection with this action shall be returned to FBBH, or any governmental entity as successor in interest thereof.

7. Other Government Actions Not Affected -- Waiver of Double Jeopardy.

ALLEN acknowledges and agrees that the consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of ALLEN that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other government entity other than the OTS.



By signing this document, ALLEN agrees that he will not assert this Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

8. Miscellaneous.

ALLEN acknowledges that the OTS has not assessed Civil Money Penalties, pursuant to 12 U.S.C. § 1818(i)(2) or other available provisions, based upon the Financial Statement submitted by ALLEN to the OTS on March 3, 1994. Should it subsequently be determined that said Financial Statement was false or otherwise failed to disclose assets available for the payment of Civil Money Penalties, ALLEN acknowledges that the OTS retains the right to pursue such claims as appropriate. Further, ALLEN hereby waives any claim that such action undertaken by the OTS, after the discovery of a false or otherwise inadequate disclosure, is barred by any statute of limitations or principle of laches.

9. Acknowledgment of Criminal Sanctions.

ALLEN acknowledges that Section 8(j) of the FDIA, 12 U.S.C. § 1818(j), sets forth criminal penalties for knowing violations of this Order.

WHEREFORE, ALLEN executes this Stipulation and Consent to the Entry of an Order of Prohibition, intending to be legally bound hereby.

By:



Michael H. Allen

Accepted by:

OFFICE OF THRIFT SUPERVISION



John F. Robinson  
Regional Director  
West Region